

Occupier Services
UK Regional Cities

Legal Services
Sector Profile



Your Future, Now

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Understanding Change in the Legal Services Sector

New technologies, disruptive market entrants and shifting client demands. These powerful forces are transforming what lawyers do and how they operate.

As a result, the law firm of the future will need to be more innovative, nimble, lean and tech focused. This, in turn, will transform the property requirements of the legal services sector. A future-proof, fit-for-purpose environment will be needed. The time to respond is now.

In light of these pressures, we are pleased to introduce you to our latest sector research offering, which explores the future of the legal services sector and the operational and real estate implications of this transformation.

This report provides:

- An overview of the five most disruptive trends shaping the legal services sector over the next five years. These trends are the result of extensive desk based research and detailed engagement with industry experts and insiders. They provide a clear view on the future sector dynamic.
- A monitor on how these trends are currently playing out in the market, including major news stories, top transactions and real estate market gossip. This provides real evidence of how the sector is responding to change.
- An editorial exploring the future representation of the legal services sector in the UK's regional cities.

It is a time of great change for the legal services sector.

The aim of this research is to provide full exposure to the forces of change; illustrate market responses and provide practical tips on how to respond and be both resilient and competitive.

Five Trends Shaping Your Future

In partnership with insight and innovation consultancy FreshMinds, we undertook extensive research into the medium term future of the legal services sector. The scale and impact of sector change is summarised in the following five trends.

1

The strength of response to the disruptive effects of technology will distinguish the future winners and losers in the legal services sector.

Rapid advances in technology will lead to process driven work historically undertaken by associates for higher margins, being automated and commoditised. Agile, tech-savvy and client focused new entrants will take increasing market share in this space, hitting the profitability of traditional law firms if they fail to adapt. Over the longer term, artificial intelligence has the potential to perform complex analytical tasks with little human input. Furthermore, mobile technology will enable agile resourcing models.

Incumbents can get ahead of the curve if they move fast, invest in and fully embrace technology, viewing it as an opportunity rather than a threat.

2

The competitive threat to the mid-tier will intensify.

The mid-tier will find their market share threatened by dual pressures from top-tier law firms who have capital to invest in technology and will increase their focus on high-end work, and from more agile market entrants able to offer process driven work at a lower cost. Struggling to compete on fees and differentiation, the mid-tier will have little choice but to further consolidate. This consolidation will take the form of mid-tier firms merging to improve their market position and larger players picking up firms that can provide access to growth markets or specialist / niche skills.

Legal start-ups are on the rise

15

2009: 15 legal start-ups on AngelList

1,479

February 2017: 1,479 legal start-ups on AngelList

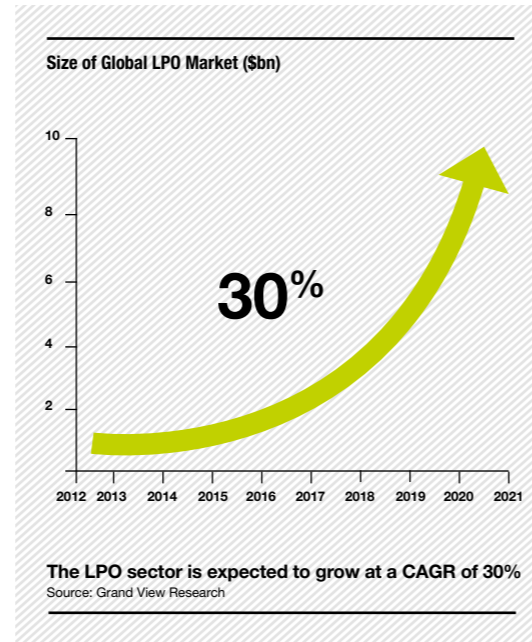
Profit margin gap between UK's top five and mid-tier has doubled from five years ago



3

After numerous false dawns, the legal services landscape will finally be reshaped and influenced by new market entrants and process re-engineering.

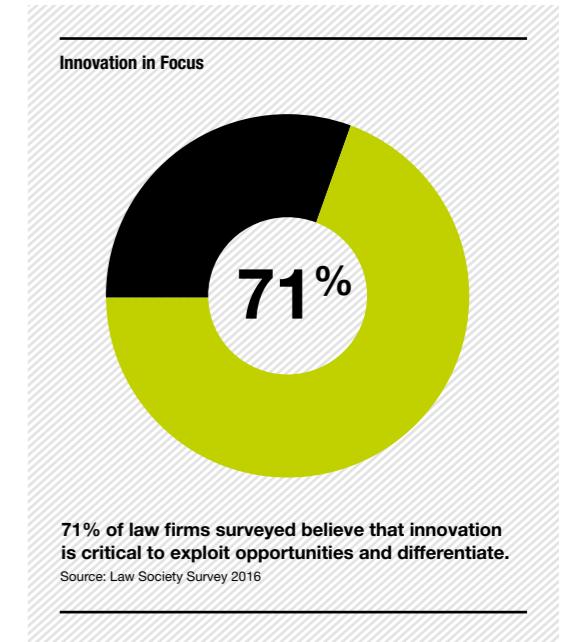
The legal services landscape is going to become more crowded, as alternative business structures, including legal process outsourcing providers (LPOs), legal-tech and the Big Four accounting firms, gain traction by offering clients greater efficiency, quality and service. They are already doing this by investing heavily in technology and processes to undercut traditional law firms for high volume work. In the case of the Big Four, there is also expansion into emerging markets, a focus on legal areas that complement their own wider practices, and the targeted acquisition of top legal talent. These additional competitive threats will force incumbents to continue to rework business models and processes in order to optimise efficiencies. Levers include automation, outsourcing, changing the lawyer to non-lawyer ratio, on demand staffing and off-shoring or near-shoring.



5

Legal services firms of the future will flourish on the triumvirate of skill, productivity and on-going innovation rather than simply scale.

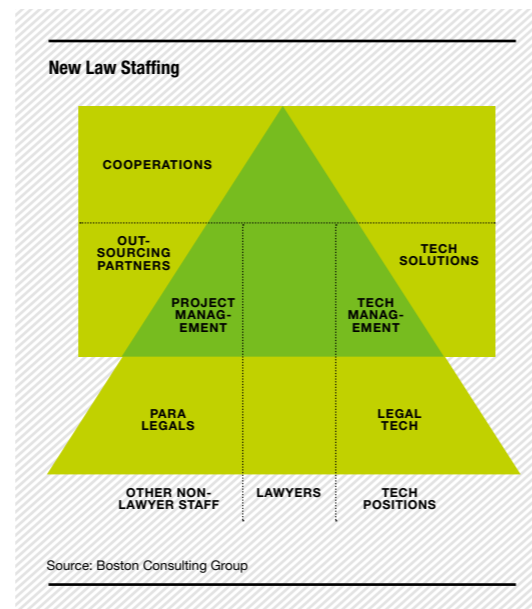
Bigger will not always be better, particularly given the heightened risks of international expansion and the corresponding need to be agile to changing market conditions globally. The most resilient firms will be those that anticipate and understand client needs, build strong relationships, convey a differentiated culture and purpose, and deliver in the most efficient and innovative (and hence profitable) way. For most, this will mean moving up the value chain to focus on more complex areas that cannot be easily replicated, automated or commoditised while continuing the unstinting focus on improving operational and cost efficiency.



4

The next five years will bring radical change to the organisational structure of law firms and a different talent requirement.

The traditional law firm staffing structure will be replaced by a leaner pool of permanent legal staff working closely with non-traditional and temporary employees. Certain roles will vanish or be redefined as work is either automated or outsourced, and an increase in the use of contract lawyers is anticipated. Transition from law firm to legal enterprise will demand a broader range of business skills relating to technology, business analytics, data intelligence and project management. These broader skill-sets are in great demand across the services sector and will pitch law firms directly into an intense war for talent.



High Court of Justiciary, Glasgow

Trends in Action

The five trends we have identified are already impacting on law firms. What follows are a series of sector and property market observations which illustrate initial operational and real estate responses.

1

The strength of response to the disruptive effects of technology will distinguish the future winners and losers in the legal services sector.

There has been a marked increase in technology investments by large law firms over the past 12 months, with a range of announcements indicating a step change in the deployment and willingness to be exposed to new technologies.

March 2017

Mischon de Reya selected six start-ups to take part in its incubator programme.

The chosen start-ups will spend ten weeks at the innovation hub called "MDR LAB". Launched in conjunction with start-up and tech investment fund L Marks, MDR LAB seeks to promote legal-minded technology that will benefit both lawyers and their clients.

Source: Legal Week

February 2017

Clifford Chance and Neota launched a MiFID II toolkit for clients.

The application allows companies to sift through thousands of pages of regulation and legislation by their business type, clients and products, streamlining the review process and providing draft clauses for adoption in their documentation. It is available for a fixed up-front fee.

Source: Legaltechnology.com



2

The competitive threat to the mid-tier will intensify.

January 2017

Freshfields Bruckhaus Deringer announced a global collaboration with artificial intelligence software provider Neota Logic.

Over the past year, Neota Logic has been working closely with Freshfields' Legal Services Innovation team to trial applications that will benefit lawyers and clients. This agreement marks the start of going live with these applications and the co-development of new opportunities. This news follows a deal Freshfields signed in September 2016 to use the Kira AI system after a year-long trial.

Source: Neota Logic Website

December 2016

Linklaters to teach lawyers to code.

Linklaters launched a pilot scheme to teach their lawyers the basics of coding. Paul Lewis, a Partner at Linklaters, said: "We see coding as very useful for lawyers who are involved in technologies such as blockchain, smart contracts and artificial intelligence. But, at an even more basic level, it's also just useful for lawyers to have a grounding in computational logic – it complements all sorts of traditional legal skills."

Source: Legal Business

November 2016

Allen & Overy increased spending on technology by 5% during the 2016/17 financial year.

The company said they were investing in legal technology platforms and technologies that support a more flexible and mobile workforce.

Source: The Lawyer

Consolidation in the regional markets continues.

In 2016 69% of UK M&A deals involved a regional law firm¹. In Scotland English firms have been acquiring Scottish independents, leaving very few active independent firms.

Merged law firms are consolidating into single offices and acquiring expansion space.

NEWCASTLE

December 2016

Clyde & Co sign lease at Central Square South.

Following the 2015 merger with Simpson Marwick the law firm has taken space in one of the highest quality buildings in Newcastle, signing a lease for 7,500 sq ft at Central Square South.

Source: Knight Frank

EDINBURGH

November 2016

Addleshaw Goddard and HBJ Gateley approved their merger.

As a single business, Addleshaw Goddard and HBJ believe it will better meet the needs of clients and the opportunities within the UK market whilst providing a stronger platform to further develop its business and its international scale. The merged company has subsequently re-gearred in the existing HBJ office located within Exchange Tower.

Source: Legal Week

GLASGOW

May 2016

DWF moved into new offices at 110 Queen Street.

DWF, which merged with Biggart Baillie in 2012, has taken the fourth floor of the building, having previously been based at Dalmore House on St Vincent Street. The move means all Glasgow-based staff are working on one single floor.

Source: Knight Frank

CARDIFF

October 2016

Hugh James acquired MLM Cartwright.

Hugh James Solicitors acquired MLM Cartwright Solicitors in the largest law firm acquisition deal in Wales. The deal will see Cardiff-based MLM Cartwright joining Hugh James' existing business services and property teams. Alun Jones, Managing Partner, said the agreement is part of an acquisitive and organic growth strategy to confirm Hugh James as offering the "strongest commercial legal team in Wales with a growing city presence."

Source: Wales Online

March 2016

Slater and Gordon relocated to Haywood House.

Following the 2015 acquisition of Leo Abse and Cohen and Walker Smith the law firm consolidated its staff into one office at Haywood House, taking 16,498 sq ft.

Source: Company website/Knight Frank

1.ThomsonReuters. Announced deals where either the target or acquirer is a UK regional law firm.



Central Square South, Newcastle



110 Queen Street, Glasgow

BIRMINGHAM

September 2016

Gateley acquired Birmingham-based property consultancy Hamer Associates.

The company will be renamed Gateley Hamer and will sit alongside the law firm's national property business which acts for developers. Chief Executive Michael Ward said: "Hamer Associates is the second acquisition we have made post flotation in our strategy to bring complementary and specialist services into the group."

Source: Gateley company website

BRISTOL

February 2017

TLT extend stay and expand at One Redcliff Street.

TLT have agreed to re-gear on their existing space and take a further 27,000 sq ft, bringing its total occupancy to 90,000 sq ft. As part of the deal, the landlord has undertaken a comprehensive refurbishment of the building including adding a new top floor which TLT will use for client activities. TLT has undergone rapid growth of over 40% in the last year as well as acquiring other practices in the past few years. The new space will consolidate headcount into one location.

Source: Knight Frank

LEEDS

June 2016

Simpson Millar acquired Abney Garsden.

Personal injury law firm Simpson Millar acquired Abney Garsden. The deal will allow both companies to give a better and wider range of services to clients. Simpson Millar is part of the AIM-listed Fairpoint group.

Source: Legal Futures

3

After numerous false dawns, the legal services landscape will finally be reshaped and influenced by new market entrants and process re-engineering.

The legal services landscape is becoming more contested and congested, as alternative business structures gain traction.

May 2017

Knights Professional Services searches for "second city" location.

The fast growing ABS is searching for an acquisition that would allow the firm to move into a seventh location. They also plan to extend the range of non-legal services, with a focus of building its corporate finance lead advisory capabilities and also project management.

Source: Legal Futures

January 2017

RSM launched a legal practice with an alternative business structure licence.

The UK's seventh largest provider of audit, tax and consulting services has hired Carolyn Brown to head RSM Legal LLP, which will target mid-tier and owner-managed businesses. Carolyn Brown joins from London law firm Howard Kennedy, where she was Head of Employment. David Gwilliam, RSM's Chief Operating Officer said: "Given our strengths in HR

consulting services, our initial focus will be on providing employment law advice in addition to corporate and commercial legal advisory work. However, we fully expect to further expand our legal services practice in the future."

Source: Legal Futures

September 2016

Deloitte's tax and legal division revenue grew 10% over the last financial year.

The firm has an ambition to become the law firm of the future, able to combine legal advice with strategic advice across other disciplines. It is aiming to have a network of independent legal practices in over 100 countries by 2020.

Source: Law.com



One New Bailey, Manchester



2 Glass Wharf, Bristol

4

The next five years will bring radical change in the organisational structure of law firms and a different talent requirement.

Law firms continue to deploy off-shoring/near-shoring strategies to optimise efficiencies and reduce cost. Recent developments include extending the scope of existing centres and seeking outsourced solutions in geographies that can offer access to high-quality talent at a lower cost.

GLASGOW

January 2017

Ashurst is expanding headcount in Glasgow.

Ashursts is on track to achieve its goal of creating 300 jobs within five years of opening its Glasgow legal and business support services centre in Central Exchange. The office is a mix of legal analysts and business support as well as housing around 50 "legal technologists", who help develop software and IT solutions. Ashurst chose Glasgow because of the talent pool of law graduates.

Source: Legal Intelligence

NEWCASTLE

October 2016

Norton Rose Fulbright unveiled plans to triple headcount at its Newcastle legal services hub.

As of October 2016, the firm employed 15 lawyers and non-lawyers in the city as part of a pilot scheme. The expectation is that the centre will become a permanent fixture in due course. Chief Executive Peter Matyr does not intend to concentrate its entire legal services staff in Newcastle, instead drawing on smaller pockets of flexible

workers, supported by artificial intelligence technology. Norton Rose Fulbright operates a number of similar centres globally.

Source: Legal Week

BIRMINGHAM

September 2016

DLA Piper will outsource various back office services to Poland.

DLA Piper confirmed it was going ahead with plans to outsource various back office services to Poland. The plan will include 23 job losses in Birmingham.

Source: Legal Week

MANCHESTER

August 2016

Freshfields Bruckhaus Deringer secured space at One New Bailey.

Freshfields have taken 81,300 sq ft of space at One New Bailey to accommodate its growing global support centre. Manchester was chosen due to its skilled labour pool.

Fit out will include training space and welfare areas.

The deal represents the largest inward investment deal in Manchester on record. In a separate announcement, the law firm confirmed plans to open a new support hub in Canada.

Source: Knight Frank

The legal services office is evolving in response to changing talent requirements, with the role an office can play in attracting and retaining the best people in greater focus. For the majority of markets this means a flight to quality office space in core CBD locations and office design that reflects modern ways of working.

BRISTOL

December 2016

Foot Anstey acquired space at 2 Glass Wharf.

To accommodate their fast-growing practice, Foot Anstey are moving from 100 Victoria Street to the recently completed Grade A, Glass Wharf development. They have expanded so rapidly they will now also retain the 5th floor at Victoria Street. Key drivers were talent attraction and retention and occupation of a building that reflected their growth position in the market and client-centric strategy. The new office will facilitate the move towards greater agile working.

Source: Knight Frank

BIRMINGHAM

March 2016/December 2016

Pinsent Masons secured space in two separate offices.

Pinsent Masons has taken 40,500 sq ft at 55 Colmore Row to accommodate front of house staff. Colmore Row is one of Birmingham's most prestigious addresses and the traditional core of Birmingham's professional quarter. The area has seen a huge improvement in the amenity offer, with an explosion in social dining, drinking and coffee offers. Separately the law firm has taken 20,000 sq ft at 19 Cornwall Street to house shared services. Dispersal of staff in this manner is a first for a law firm in Birmingham.

Source: Knight Frank



Central Square, Cardiff



The Blade, Reading



No.1 Spinningfields, Manchester

CARDIFF

December 2016

Hugh James to relocate to Central Square.

The law firm has signed up to 100,000 sq ft at the Two Central Square scheme, scheduled for completion in August 2018. Hugh James currently occupies two separate offices in the city. The decision was driven by rapid growth and a focus on staff retention and attraction.

Source: Knight Frank

March 2016

Blake Morgan relocates to One Central Square.

Blake Morgan has taken occupation of 28,077 sq ft at One Central Square being the first occupier to commit to Phase I in the wider Central Square project that will eventually see up to one million sq ft of new office, residential and retail space built. The tenant was previously in older Grade B accommodation, so the move to the top two floors in this prime building marks a transition towards higher quality space.

Source: Knight Frank

LEEDS

March 2016

Shulman's secured expansion space at No 10 Wellington Place.

The law firm expanded into a further 5,190 sq ft at Wellington Place, adding to the 15,000 sq ft they already occupy in the building. One of the key attractions of the space was the flexibility to expand.

Source: Knight Frank

NEWCASTLE

May 2016

DAC Beachcroft acquired a further 4,500 sq ft at Wellbar Central.

DAC Beachcroft acquired a further 4,500 sq ft at Wellbar Central, taking their total space in the building to 16,000 sq ft. The expansion is off the back of an 18% increase in profits last year. Wellbar Central is one of the best buildings in Newcastle.

Source: Knight Frank

SHEFFIELD

January 2016

Wake Smith took occupation of 12,500 sq ft at Velocity.

The law firm consolidated under one roof at Velocity having previously occupied two buildings. The new workplace provides a much more modern and efficient working environment that can also accommodate their growth plans.

Source: Knight Frank

SOUTH EAST

May 2016

Gateley acquired 7,235 sq ft at The Blade, Reading.

Gateley occupies the top floor in Reading's premier office building, The Blade. The building features flexible accommodation with floor to ceiling glazing.

Source: Knight Frank

January 2016

Mcallister Olivarius relocated to Maidenhead.

The law firm now occupies the top floor of The Pearce Building in Maidenhead. Mcallister Olivarius relocated from Hammersmith, paying a record rent for the Thames Valley area. The Pearce Building offers light-filled, flexible floorplates with views over the green of Kidwells Park.

Source: Knight Frank

March 2017

Morrisons Solicitors secured space in Redhill.

Morrisons is expanding into the new Prospero development from an existing Redhill office, and will occupy over 20% of the 50,370 sq ft asset. The Grade A building offers large, open floorplates, flooded with natural daylight throughout.

Source: CoStar/Knight Frank

5

Legal services firms of the future will flourish on the triumvirate of skills, productivity and on-going innovation rather than simply scale.

Innovation is emerging as a strategic priority, with the launch of a range of new innovation initiatives.

February 2017

DLA Piper launched a new crowdsourcing initiative to develop innovative ideas.

DLA Piper launched the crowdsourcing project, otherwise known as the “CEO Challenge” in February. Employees have access to an online platform where they can anonymously share ideas which others can vote and comment on. The firm will then progress the top ideas.

Source: Legal Week

February 2017

Ulster University established a legal innovation centre.

The centre is a place where legal professionals and students can collaborate with computer scientists on areas where the professions overlap. The centre has the backing of global law firms Allen & Overy and Baker McKenzie as well as the region's economic development agency Invest Northern Ireland.

Source: Legaltechnology.com

November 2016

Simmons & Simmons launched a new initiative to foster innovation at the firm.

Lawyers will be encouraged to apply for time off from fee earning work to develop ideas to modernise the firm's business. The initiative, which is open to all staff, will see proposals assessed by an ‘innovation group’ of partners and directors put together to oversee the development of new ideas.

Source: Legal Week

The importance of the office as a hub – a place for connecting, collaborating and creating – is increasing. At the same time legal services occupiers are seeking to better utilise their office space, enhancing productivity and efficiency.

LEEDS

Autumn 2016

Addleshaw Goddard relocated to 3 Sovereign Square.

The law firm has moved into 59,000 sq ft in this new super prime building. New ways of working and enhancements to technology have allowed the firm to reduce their overall dependency on floor space per fee earner.

Source: Knight Frank

October 2016

Schoosmiths agreed a pre-let at Bruntwood's Platform redevelopment.

As part of its ongoing strategy to take a larger share of the UK legal market, Schoosmiths opened its first office in Leeds, signing a pre-let of 9,720 sq ft at Bruntwood's Platform redevelopment. The high quality building includes state of the art digital connectivity, communal lounges, meeting and event spaces, and a roof garden.

Source: Knight Frank



One St Peter's Square, Manchester



3 Sovereign Square, Leeds

MANCHESTER

Q3 2016

DLA Piper relocated to One St Peter's Square.

DLA Piper moved from 101 Barbirolli Square, where it was based for almost 20 years, to One St Peter's Square. The relocation consolidated all of DLA Piper's staff in Manchester into a single office, encouraging a more collegiate working environment.

Source: The Lawyer

February 2017

Addleshaw Goddard relocated to One St Peter's Square.

Addleshaw Goddard occupies 55,000 sq ft of the 13-storey office space and enjoys sweeping wrap-around views of the city. The office is adjacent to the Metrolink tram station, a few minutes' walk from both Piccadilly and Oxford Road stations. The design of the office floors centres around collaborative working, featuring innovative breakout spaces and advanced technology throughout.

Source: Knight Frank/Manchester Evening News

February 2017

Schoosmiths are relocating to the XYZ building, Spinningfields.

Schoosmiths have taken 32,000 sq ft in the landmark XYZ building with plans to move in the next few months. The new layout at XYZ will include five neighbourhoods for its five practice groups, and a third of the space will be a dedicated collaboration area which includes a project room, a garden for relaxation, a library and a quiet room. They will also introduce agile working practices.

Source: Knight Frank

January 2016

Squire Patton Boggs agreed a pre-let at No. 1 Spinningfields.

Squire Patton Boggs signed a pre-let of 28,000 sq ft at No. 1 Spinningfields. Squires are downsizing through the more efficient usage of space. The move demonstrates the law firm's commitment to the Manchester and North West markets and emphasises the integral role the office plays in Squire Patton Boggs' International business, with six global practice group leaders and a member of the firm's board based in Manchester.

Source: Knight Frank/The Lawyer

GLASGOW

October 2016

Shepherd and Wedderburn relocated to new city centre premises.

Following a three-month fit-out period, Shepherd and Wedderburn have relocated their Glasgow teams to new city centre premises. The Grade A eleven-story building at 1 West Regent Street provides a bright open plan environment to drive greater collaboration and communication amongst the firm's multi-disciplinary teams. The new office will accommodate additional headcount and allow room for future growth.

Source: Knight Frank

Trend in Focus

The Legal Services Sector in the Regions:
Mainstay or missing in action?

“Despite multiple pressures on the operating model of legal services firms, we firmly believe the sector will continue to be strongly represented across the UK regional markets.”



Author: **Lee Elliott**
Partner, Head of Commercial Research
Knight Frank

Law firms have been an integral part of the development and, in some instances, re-birth of regional office markets across the UK. The evolution of large-scale, regionally focused law firms, and their subsequent consolidation, coupled with the entry of firms of international standing into markets such as Birmingham and Manchester has meant that legal services firms have been a mainstay of regional occupational markets. In fact, our research shows that in 2016 legal services firms took around 640,000 sq ft across ten regional markets – equating to 11% of all regional take-up.

Yet as the legal services sector enters into a new phase of its evolution and faces up to a range of disruptive forces, some commentators have questioned whether law firms will maintain this position of significance. We fully recognise that the consolidation of the mid-tier of the sector is likely to play-out disproportionately in the regional markets. We also accept that the adoption of automation and artificial intelligence (AI) will present a long-term challenge to both the location and headcount requirements of processing activities undertaken by law firms.

But despite these pressures, we firmly believe that the legal services sector will continue to be strongly represented across UK regional office markets, for three principle reasons.

First, far from being a threat to activity, we believe the advent and adoption of automation and AI will generate rather than remove headcount within the regional office market. In our view the next technological wave drives business productivity and efficiency rather than a dramatic reduction of staffing levels. There is much sensationalism at work in the growing press treatment of the effects of new technology, with the debate often leaning towards a human vs. machine narrative. We believe it is more probable that new technologies will drive a near-term scenario where humans work alongside machines in perfect harmony. In this situation, current processes within law firms are re-engineered and potentially relocated but people are not removed from the process. This will bring further momentum to the north-shoring which has been evident within the sector and wider professional services over recent years. Furthermore, we will see the faster growth of legal process outsourcing companies who are emboldened by technology but will seek to operate from more cost-effective locations such as the regional markets where both a rental and operational cost discount to central London is clear.



Second, and in similar vein, the disruption being experienced in the legal services sector will generate a raft of new market entrants or challenger organisations. As this report shows, there has been an explosion of law-tech organisations recently. We believe that this innovative activity is less spatially fixed to Central London and will emerge or take root in regional markets. As we have witnessed with the growth of fin-tech and challenger banks, the regions are attractive on the basis of cost, talent and reduced barriers to entry for innovative start-ups.

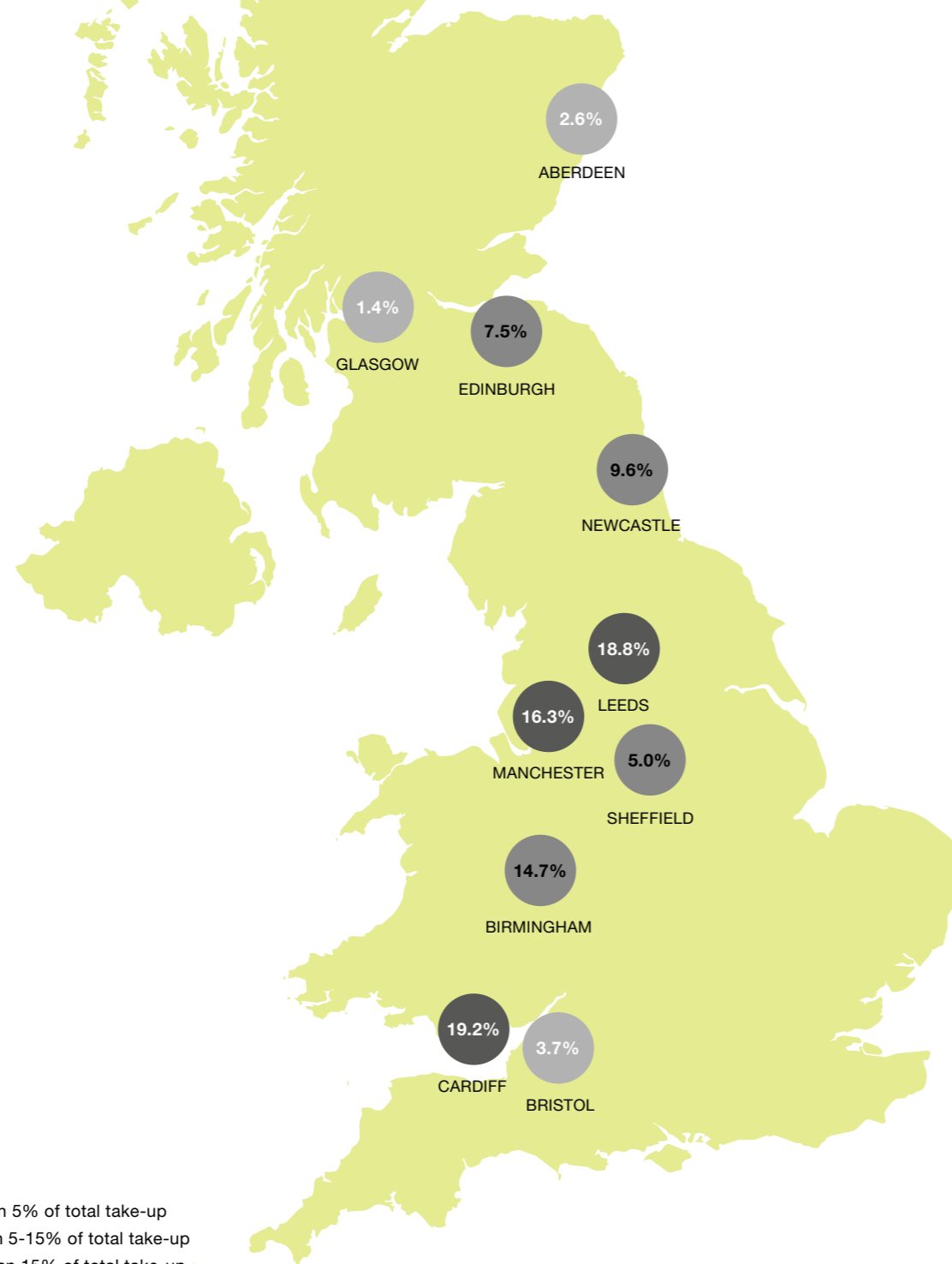
Finally, it must also be recognised that the Big Four accountancy practices – all of whom are committed to growing the strength and scale of their legal services businesses – are significant occupiers within the UK regions and may seek

to develop their law capabilities within or alongside existing regional operations. So, over a five year horizon, we remain confident that the legal services sector will maintain its strong presence within UK regional markets.

The real estate implications of this are consistent with the trends outlined in this report. Regional offices will need to be positioned away from the traditional perception of ‘back-offices’. They are locations that must allow the attraction and retention of the wider cohort of skills that are central to the law firm of the future – technical skills, project managers, process engineers as well as legal brains. The quality of the workplace will, once again, be a critical tool in enabling this positioning and ultimately driving the competitiveness of the occupier.

We are not blind to the operational changes that the sector will experience, but we do not believe that the changes are as radical as some commentators would suggest. The regional markets will continue to represent a significant ‘cog’ in the wider operations of law firms, as well as being markets that provide the external support services on which these law firms will increasingly rely. Rumours of their demise as a destination for law firms are therefore somewhat exaggerated.

% of total office take-up from the legal services sector, 2016



KEY

- Legal services sector is less than 5% of total take-up
- Legal services sector is between 5-15% of total take-up
- Legal services sector is more than 15% of total take-up

Major Office Leasing Transactions: 2016

City	Date	Company	Address	Size sq ft	Additional Information
Cardiff	Q4 2016	Hugh James Solicitors	2 Central Square	100,000	<ul style="list-style-type: none"> Pre-let Consolidation into one office
Manchester	Q3 2016	Freshfields Bruckhaus Beringer	One New Bailey	81,293	<ul style="list-style-type: none"> Expansion space for its Global service centre
Birmingham	Q1 2016	Pinsent Masons	55 Colmore Row	40,538	<ul style="list-style-type: none"> Relocation to new and enhanced premises
Birmingham	Q1 2016	DAC Beachcroft	Tricorn House	40,045	<ul style="list-style-type: none"> Relocation Includes innovation hub
Manchester	Q1 2016	Squire Patton Boggs	No 1 Spinningfields	28,000	<ul style="list-style-type: none"> Pre-let More efficient use of space New and enhanced premises
Birmingham	Q4 2016	Pinsent Masons	19 Cornwall Street	19,448	<ul style="list-style-type: none"> Accommodate some business operation teams
Bristol	Q4 2016	Foot Anstey	2 Glass Wharf	16,654	<ul style="list-style-type: none"> Relocation Expansion space
Cardiff	Q4 2016	Slater & Gordon	Haywood House South Dumfries Place	16,498	<ul style="list-style-type: none"> Relocation Consolidation into one office New and enhanced premises

The Key Takeaways

Disruptive forces are shaping the future of the legal services sector

New market entrants / Technology / Shifting client demands /
Commoditisation / Access to talent / New working practices

Resulting in the following future scenarios

Automation, outsourcing and commoditisation of process driven work becomes the norm.

New market entrants reshape the structure of the legal services industry.

A leaner pool of permanent legal staff works closely with non-traditional and temporary employees.

Law firms will commit more investment to the adoption of new technologies.

Consolidation of the mid-tier will result in fewer traditional law firms.

Roles and skills requirements are redefined by the adoption of new technologies.

Firms that focus on skill, productivity and on-going innovation will flourish.

Law firms will have to offer the most efficient delivery model for each project. Clients will demand it.

To future proof, law firms must respond

Operational responses

- ✓ Driving growth
- ✓ Driving efficiency and productivity
- ✓ Accelerating innovation and client-centricity
- ✓ Fresh approach to talent
- ✓ Consolidating
- ✓ Re-engineering processes
- ✓ Investing heavily in technology, particularly AI and automation

Real estate responses

- ✓ Flight to quality – amenity rich properties and locations
- ✓ Holistic view of real estate costs
- ✓ Increased mobility within and between markets
- ✓ Restructuring portfolios in light of M&A activity
- ✓ Further shift from cellular to activity based working design
- ✓ Incorporation of collaborative, client-centric and welfare space
- ✓ Buildings that reflect brand and values
- ✓ More efficient use of space
- ✓ Incorporating flexibility into portfolios
- ✓ Proactivity and forward planning in lease renegotiations
- ✓ Introducing hub and spoke models



Disruption is a reality



Action is required



Shape your future, now

Contact



National Offices
Emma Goodford
Partner, Office Head
+44 207 861 1144
emma.goodford@knightfrank.com



Cardiff
Matt Phillips
Partner, Office Head
+44 292 044 0122
matt.phillips@knightfrank.com



Manchester
David Porter
Partner, Office Head
+44 161 833 7725
david.porter@knightfrank.com



Aberdeen
Eric Shearer
Partner, Office Head
+44 122 441 5948
eric.shearer@knightfrank.com



Edinburgh
Alasdair Steele
Partner, Head of Scotland
+44 131 222 9622
alasdair.steele@knightfrank.com



Newcastle
Peter Bowden
Partner, Office Head
+44 191 594 5003
peter.bowden@knightfrank.com



Birmingham
Ashley Hudson
Partner, Office Head
+44 121 233 6443
ashley.hudson@knightfrank.com



Glasgow
John Rae
Partner, Office Head
+44 141 566 6029
john.rae@knightfrank.com



Sheffield
Peter Whiteley
Partner, Office Head
+44 114 241 3903
peter.whiteley@knightfrank.com



Bristol
Steve Oades
Partner, Office Head
+44 117 917 4548
steve.oades@knightfrank.com



Leeds
Henrie Westlake
Partner, Office Head
+44 113 297 2413
henrie.westlake@knightfrank.com



Research
Jennifer Townsend
Associate, Occupier Research
+44 203 866 8028
jennifer.townsend@knightfrank.com

 @KnightFrank
KnightFrank.co.uk

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